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### **Abusive Tax Shelters Pursued by Twenty-Three States**

In an effort to identify taxpayers who use abusive tax shelters to avoid paying taxes, the Multistate Tax Commission (MTC) is coordinating a multi-state voluntary compliance program. The program will give taxpayers involved with abusive tax shelters an opportunity to report those shelters without penalty.

An abusive tax shelter is any tax shelter that is created to avoid paying state or federal income tax. They include, but are not limited to, "listed transactions" as defined by the IRS.

"The MTC's program will provide a single point of contact and uniform procedure for taxpayers to report abusive tax shelters," said Joe Huddleston, executive director of the Multistate Tax Commission. "The advantage of this program is that taxpayers can avoid costly penalties if they report the shelters during this period."

The program will run from May 1, 2007 to October 1, 2007 in participating states.

Taxpayers who filed returns for any tax periods beginning before January 1, 2006 using abusive tax shelters may participate in the program. Taxpayers who have not filed tax returns because of abusive tax shelters also may participate. Depending upon individual circumstances, a taxpayer will file an amended tax return or an original tax return with the MTC. The commission will distribute the returns to the appropriate states.

"By working together to establish a single set of procedures and a single point of contact, the participating states will make compliance easier for taxpayers. At the same time, participating states will be pooling their enforcement resources," said Mr. Huddleston.

After the program ends, states will use shared information to follow up with taxpayers who could have taken advantage of the MTC's program but chose not to.

Taxpayers who want to participate in this program must complete separate forms MTC-VCP-1 for each state. With that form, they must send an amended or original tax return, payment, and other required documents to the MTC at the address below. The MTC must receive all related documents by October 1, 2007.

Forms, rules, procedures, and a list of participating states are at <http://www.mtc.gov/Resources.aspx?id=2390>. Contact the MTC by e-mail, [VCP@mtc.gov](mailto:VCP@mtc.gov); telephone, 202-624-8699; or by writing, Voluntary Compliance Program c/o Multistate Tax Commission, 444 North Capitol Street, Washington, DC, 20001.

A directory of listed transactions is on the IRS website, [www.irs.gov](http://www.irs.gov).